NAME\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ BLOCK\_\_\_\_\_\_ DATE\_\_\_\_\_\_\_\_\_\_

**Readers Guide**

**Money and Banking Ch. 17 sec.1-3 p.456-475**

**Part I – Vocabulary**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**1. Its primary use is as a medium of exchange between individuals in an economy.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 2. The term for the paper money and coins used as money.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 3. The money deposited in a checking account.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 4. In this type of account, you cannot necessarily withdraw money on demand, but the bank pays you for having money in it.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 5. An amount of money borrowed from a bank for a certain time period.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 6. When banks have to keep a percentage of deposits in reserve.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 7. Banking institution that serves only the needs of its members, often all employees of the same organization.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 8. Provides services for banks and regulates their activities

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 9. They control the federal reserve system.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 10. The closest Federal reserve district bank to us is in this city.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 11. When prices rise due to their being more money in the economy than there are goods and services to buy.

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** 12. Slowdown in economic activity and production due to their being less money in the economy than available goods and services.

**Part II. Short Answer**

13. Why does American money have value?

14. How much was the U.S. money supply as of June, 2006?

15. Name two advantages to using a checking account.

16. What is one reason to open a savings account?

17. Why are savings important to helping businesses produce goods and services?

18. Why do banks exist? (for what purpose are they started?)

19. What is the largest source of revenue (income) for banks?

20. What might the Fed do if the country is entering a recession?